

What is the Comparison of Economic Systems?

Toshio YAMADA *

* *Kyushu Sangyo University, Japan; t_yamada@ip.kyusan-u.ac.jp*

The comparison of economic systems is a theme as old as the history of economics, and it is fair to say that ever since Adam Smith's *Wealth of Nations*, there has been no study of economics that did not discuss such comparisons. The dramatic changes in world history in recent years, however, such as the destruction of socialism and the development of globalization, can be thought to demand strongly a self-realized theory of economic systems based on comparative methods and perspectives.

Current comparative economic studies are most likely performed by breaking down the studies into groups such as advanced capitalist economies, economies in transition, and developing economies. In one sense, this is only natural. 'Comparisons' obviously cannot be made between countries that are fundamentally far apart, and are only possible between countries covered to a certain extent by common standards. Between advanced capitalist countries, for example, the typologies of the Anglo-Saxon model, Continental European model, and Japanese model, etc., are formed on the basis of 'industrial relations', whereas the standards between countries with transitional economies are 'macroeconomic performances' and 'democratization indices' following the move to a market economy, which can be found in types of Central European and Baltic countries, types of CIS countries, and types of East-Asian countries. Among developing economies, too, Latino-American, Asian, and African types can be distinctly specified.

Dividing comparisons of economic systems into these three groups is probably necessary and indispensable, but at the same time, it is a good idea to a little more have mutual exchange between these three studies at the methodology level. In particular, if it is forecast that sooner or later transitional economic countries will be classified and assimilated into either advanced and more developed capitalist countries or developing countries, the transitional economic countries of today will in the future need to be placed in comparative studies with an even wider perspective. Further, assuming, as Philip Hanson said, that since the fall of communism, the work of the specialists on ex-communist countries has less often been comparative than it used to be, then it is necessary to emphasize beforehand the significance of comparing economic systems beyond mere studies of individual countries and area studies.

Hisao Ohtsuka, who was the doyen of economic history studies in Japan, previously said the following when presenting 'comparative economic history'. "Comparative' is not merely some

footnote to research methods in historiography, but an indispensable and important methodical operation for checking the facts.’ That is, something that ‘tries to confirm as ideal-types the various historical and geographical conditions that enable the possibilities of modernization one step at a time through comparisons of the unique varieties in historical phenomena.’ If, in the quote, ‘historiography’ is replaced with ‘economics’, and ‘the various historical and geographical conditions that enable the possibilities of modernization’ is replaced with ‘historical and institutional conditions that enable the possibilities of economic development’, then, I believe, this is equivalent to the ‘comparative economic studies’ of today.

What this method of ‘comparison’ aims for is an awareness of the diversity of economic systems and, further, to link that diversity to some sort of typology, and thus to obtain hints regarding the ‘historical’ issues of the moment as ideal-types, whether modernization or economic development, from within this typological diversity. Comparison in the same time has to work in concert with an understanding of the history and, conversely, an understanding of the history that lacks awareness of diversity in the same time can only end up flat and two-dimensional. With this in mind, it can be said that the ‘comparative’ method and ‘historical’ method should be brought to life as basic perspectives for analyzing modern economies, while mutually reinforcing each other.

From the first, the French *régulation* theory has taken ‘the variability of economic and social dynamics in time and space’ (Robert Boyer) as its own core research issue. This may alternatively be called the study of the historical and typological diversity of economic systems. *Régulation* theory, however, at first tended to rather standardize and universalize ‘Fordism’, but after shortly passing through a period of methodological introspection, in recent years has forcefully developed a diversity and typological comparison of economic systems. The theory of comparative economic systems presented by the *régulation* school is mainly that of the OECD countries, but has progressed into a broad comparison that goes beyond mere comparisons of macroeconomic indices, and even exceeds comparisons of individual systems, and has even come to present the typology of each country at that level. Although not absolute, there has been a shift to comparisons at the levels of institutional structure (totality of institutional complementarity) and *régulation* mode, and there is included therein an important methodological hint concerning the study of comparative economic systems.

I hope that studies of comparative economic systems escape from this tripartite *status quo* and, as well as deepening their mutual exchange at the theoretical level at the very least, also develop new economic horizons that merge the ‘comparison’ and the ‘history’ of this academic field.